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A faint, light gray world map is visible in the background of the page, showing the outlines of continents and countries.

Market Brief - Product

Poland : Snack foods

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Warsaw [PL1], PL

Overview. The snack food market took off in Poland in the early 1990's coinciding with Poland's rapid economic growth, and their popularity has been increasing every year. Potato chips are still the most popular snack food followed by peanuts, popcorn and pretzels. More than one-third of Poles consume snack food on a regular basis. Snack food consumption is particularly strong with 16-25 year olds which represent 30 percent of the Poland's population.

Rise in Income = Changes in Spending. The rise in snack food consumption corresponds with the transition of the Polish economy and the subsequent rise in personal income and consumer spending. Since 1991, the labor market has improved considerably with the larger Polish cities like Warsaw, Gdansk, Krakow and Poznan enjoying relatively low unemployment rates. GDP per capita increased from \$3,700 in 1997 to \$4,080 in 1998. GDP growth in 1999 is estimated at 4.1 percent. The structure of household spending has changed over the years with a decrease in food expenditures. Food still accounts for 37 percent of total expenses, still the largest share of household spending.

Teenagers and students represent an especially dynamic part of growing snack food market. In the early 1990s, children began receiving higher allowances while the growth in the job market for young people has also added to their earning and spending abilities. The increased purchasing power of this consumer group has strongly influenced food marketing trends in Poland.

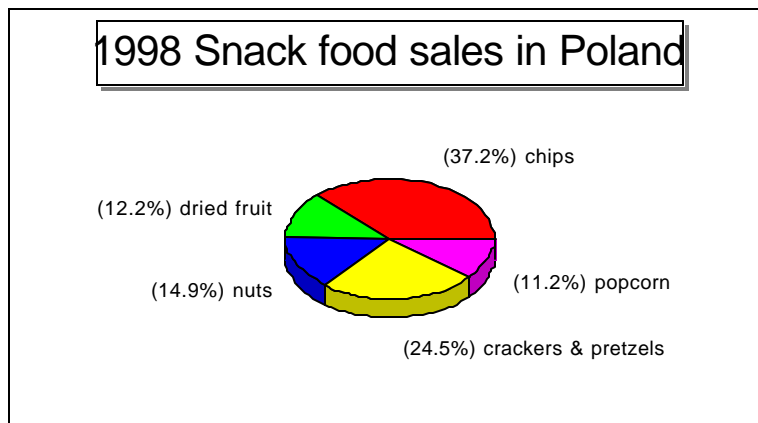
Some seasonality. There is some seasonality within the snack food market in Poland. Sales generally increase in February-March and decline after mid-August. Snack food sales bottom out at the beginning of the school year in September and around the Christmas and Easter holidays when more traditional foods are preferred.

Retail Outlets. Snacks are sold in a variety of retail outlets - large hypermarkets/supermarkets, small neighborhood stores, news-papers kiosks, 24-hour gas stations/convenience stores, mobile food carts, bars and pubs. Generally, only 20 percent of snack foods are sold in restaurants and pubs, while the remaining 80 percent are sold in supermarkets (3,000), small retail food stores (147,000), gas stations (7,200) and liquor stores (2,700). Increased car ownership is making gas station/convenience stores particularly important outlet for snack foods.

Recreational Outlets. Other outlets have begun to emerge in Poland. For example, two western-style multiplex movie theaters recently opened in Warsaw. Popcorn, candy, chips and other snacks are readily available and increasingly in demand. Snacks are also sold at sporting events and concerts.

Pricing and advertising. Pricing is still a major factor in consumer preferences. However, brand loyalty is slowly emerging. One U.S. imported brand of potato chip has effectively used advertising and promotional events to distinguish itself from its competition despite its higher cost. In addition, it changed to a smaller consumer package in order to adapt to the Polish market. Radio, television, print media and billboards are increasingly becoming part of the marketing landscape in Poland. In 1998, snack foods were ranked ninth among the ten most advertised products in Poland, just after the insurance companies and before TV and radio stations. Polish consumers seem to particularly respond to advertising which, in the case of savory snacks, implies the Western lifestyle and snacking habits.

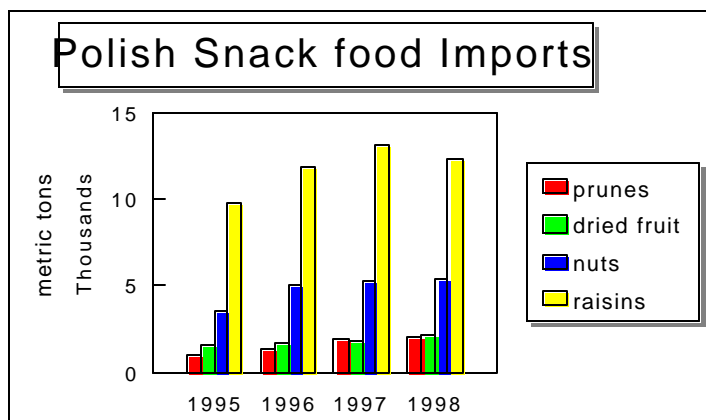
Size of the market. It is somewhat difficult to estimate the size of the Polish market. The Polish market for chips alone is valued at around \$340 million a year with a 15 percent annual increase expected over the next decade. Sales of peanuts, dried fruits and popcorn are estimated at approximately \$200 million a year, but the increase in sales of these products is not expected to be as rapid as with potato chips.



Tastes. Paprika flavored potato chips are the most popular, accounting for 39 percent of sales in 1996 followed by bacon-flavored chips with 27 percent share. Sour cream and cheese, sour cream and onion, roast chicken, sour cream and dill, cheese and bacon are among the other popular flavors. Snacks are often connected with beer consumption which has increased from 37 liters per capita in 1992 to 58 liters in 1999. The popularity of dried fruit (mainly prunes, apricots and raisins) is still relatively high. Pumpkin and sunflower seeds are also popular snacks.

Changes within the market. Despite the trend of increasing consumption of snack foods in general, popularity of some sectors of the snack food market has declined as the market has developed. The popularity of plain potato chips decreased over four years from a 33 percent market share in 1992 to 23 percent in 1996. At the same time there was an increase in volume sales in every category of potato chips. These changes are the natural result of producer adaptation to consumer tastes. In some instances, sharp increase in sales have resulted from manufacturers successful attempts to introduce non-traditional flavors to the consumer. Corn chips are not particularly popular in Poland at the moment. However, at least one American company has successfully introduced imported corn chips on the market.

With the exception of 1998, snack imports increased every year since 1994. Germany and Hungary are the largest exporters of snacks to Poland. Domestic potato chip production has limited potato chip imports.



Current tariff for snack foods:

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CN Code	Product	United States and Other Countries	European Union
0804,0806.20	Dried dates, figs, raisins	9	2.1
0813.10/20/30/50	Dried apricots, prunes, apples, mixed fruit with nuts	25	25
0813.40	Other dried fruit: peaches, pears, papaya	25	15
1104.23	Popcorn	16 + max. 0.24 EUR/kg	16 + max. 0.24 EUR/kg
1905.90.55	Bakery products pressed or expanded, spiced or salted (PRETZELS/CRACKERS)	25	20
1905.90.90	Other bakery products	35	28
2005.20.20	Other vegetables, processed or preserved: potatoes (thin slices fried or roasted, salted or spiced, in hermetic packaging ready for consumption)	32+0.09 EUR/kg	32+0.09 EUR/kg
2008.19.13	Almonds and pistachio, roasted, in packages larger than 1 kg.	32 +max.0.09 EUR/kg + DCC*	32 +max.0.09 EUR/kg + DCC*
2008.19.93	Almonds and pistachio, roasted, in packages smaller than 1 kg.	32 +max.0.09 EUR/kg + DCC*	32 +max.0.09 EUR/kg + DCC*

* DCC - 0.0049 EUR per each 10 grams or each 1 percent of sugar in 1 kg of product.

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